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USDOC FOR 532/OEA/LHINES/JSONDERMAN
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)
SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: HONGTU HANGYAN ELECTRONIC
(HK) CO

REF: A) USDOC 09615 B) D385940

11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), conducted a pre-license check at Hongtu Hangyan Electronic (HK) Co., Rm 1209, 12/F, Workingbond Commercial Center, 162-164 Prince Edward West, Hong Kong (Hongtu Hangyan). The purpose of the visit was to determine the suitability of Hongtu Hangyan to be the ultimate consignee of various semiconductor devices that are the subject of export license application D385940. The items (ECCN 3A001) are valued at USD \$475 and are controlled for national security reasons (NS). The license applicant is Concord Components, Inc. of Wayne, Nebraska.

13. A Hong Kong Inland Revenue Department Business Registration Office check of Hongtu Hangyan reveals that the company has been in existence since 2003. It is a sole proprietorship and mainland China citizen, Zhang, Xiao Ming is listed as the owner. His identity card number is ZZ5085186. Mr. Zhang is not listed as a director in any other corporate entities in Hong Kong. Hongtu Hangyan is not listed in the Hong Kong Companies Registry because it is not an incorporated entity. It is not possible to check the Inland Revenue Department Business Registration Office by name of business holder. As a result, it was not possible to determine if Zhang, Xiao Ming is the owner of any other sole proprietorship in Hong Kong.

14. Background research on the web reveals that Hongtu Hangyan ([www.szhtic.com](#)) is part of the Hongtu Group. That group includes three other companies, namely Shenzhen Hongtu Hangyang Technology Co. Ltd., Shenzhen Xinghangyang Technology Co. Ltd., and Beijing Hongtu Mingli Technology Trading Co. Ltd. The group's headquarters are listed as Rm A801, Aerospace Skyscraper, No. 4019 Shennan Road, Shenzhen 518048, China. The group web sites states that the group's business is focused on hard to find and urgently needed industrial and military ICs.

15. Another company, Shenzhen Star-Navi Technology Co. Ltd. has its headquarters in room 802 of the same building as the Hongtu Group headquarters. Star-Navi's web site states that it is the owner of the Hongtu Group ([www.star-navi.org](#)).

16. On November 27, 2007, ECO and Commercial Assistant Carrie Chan visited Hongtu Hangyan at the address listed above and met with Mr. Johnny K.M. Yung. The company is located in a small one-room office in an older commercial building. Mr. Yung stated that he is the sole representative of Hongtu Hangyan in Hong Kong. He makes payments and collects shipments for the parent company in mainland

China. The parent company either picks up the shipments or arranges for a freight forwarder to do so. Mr. Yung stressed that he knows nothing about the end-use or end-user for these items. He further stated that he knows little about the activities of the parent company ECO notes that he did not even attempt to talk about what is listed on the parent's web site. Mr. Yung suggested that the ECO contact the parent in Shenzhen for any information about the parent's activities or about the proposed end-use or end-user for the items. ECO suspects Mr. Yung knows more about the activities of the parent than he is willing to share. When asked why Hongtu Hangyan is established in Hong Kong and operates in this way, Mr. Yung stated it is easier to make bank payments from Hong Kong and Hong Kong is also a more beneficial tax jurisdiction.

¶17. During the interview with Mr. Yung, the ECO noticed business registration certificates of two other companies. Mr. Yung downplayed those registration certificates and declined to provide additional information about them. ECO noticed that the name of one of those companies is Ziheng International Electronics Co. but was unable to obtain the name of the second company. An Inland Revenue Department search reveals that this company is likewise a sole proprietorship established in 2003. It is owned by mainland Chinese national Luo, Guofang with mainland identification document number ZZ5183579. A review of this company's web site (www.star-ic.com) reveals that it is, likewise, a distributor of hard to find and obsolete military electronic components.

¶18. ECO recommends that OEA conduct a thorough review of shipments to companies in the Hongtu/Star-Navi Group as well as to Ziheng International Electronics Co. as well as shipments to the addresses of those companies.

Cunningham